

Message Text

SECRET

PAGE 01 STATE 308879
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DRAFTED BY NEA/EGY:GRBEYER:CEK
APPROVED BY SECRETARY
NEA - MR ATHERTON
L - MR ALDRICH
S/S - MR. BRIDGES

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FM SECSTATE WASHDC
TO AMEMBASSY CAIRO NIACT IMMEDIATE

S E C R E T STATE 308879

NODIS
FOR THE AMBASSADOR FROM THE SECRETARY

E.O. 11652: GDS

TAGS: PFOR, ENRG, IS, EG, US

SUBJECT: AMOCO DRILLING IN THE GULF OF SUEZ: RESPONSE TO
FAHMY'S COUNTERPROPOSAL

REFERENCE: (A) CAIRO 16839; (B) STATE 261861

1. YOUR REBUTTAL TO FAHMY'S COUNTERPROPOSAL REPORTED
CAIRO REFTEL WAS EXCELLENT. I WANT YOU TO REAFFIRM THOSE
SAME VIEWS TO FAHMY AS REFLECTING MY REACTION. I ALSO
WANT YOU TO STRESS TO HIM THAT I BELIEVE HIS THREE POINTS
ARE ADEQUATELY ENCOMPASSED IN OUR PROPOSAL AND TO REASSURE
HIM THAT THE U.S. LEGAL POSITION ON THE ISSUE FULLY SUP-
PORTS EGYPTIAN SOVEREIGNTY OVER THE RESOURCES OF THE GULF,
AND OVER ISRAELI OCCUPIED AREAS.

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2. YOU SHOULD MAKE THE FOLLOWING SPECIFIC POINTS:

--THE SECR-TARY HAS REVIEWED CAREFULLY THE THREE POINTS YOU
PRESENTED ME AS A COUNTER-PROPOSAL TO OUR SUGGESTIONS.

-- HE WANTS ME TO EMPHASIZE TO YOU U.S. RESPECT FOR

EGYPTIAN SOVEREIGNTY IN THE OCCUPIED TERRITORIES AND NOTHING IN OUR APPROACH TO THE PROBLEMS IN THE GULF SHOULD LEAD YOU OR ANYONE ELSE TO THINK THAT OUR POSITION ON THESE

TERRITORIES HAS IN ANY WAY CHANGED.

-- AS OUR LEGAL OFFICERS EXPLAINED TO THE FOREIGN MINISTRY LEGAL ADVISOR, AL-ARABY, LAST OCTOBER, THE BEST LEGAL ARGUMENTS AVAILABLE TO COUNTER ISRAEL'S POSITION ON AMOCO'S ACTIVITIES IN THE GULF DERIVE FROM THE TRADITIONAL U.S. VIEW THAT RECOGNIZES ONLY A THREE MILE TERRITORIAL SEA, AND FROM LAWS GOVERNING ACTIVITIES IN WATERS CONSIDERED HIGH SEAS, NOT INTERNAL OR TERRITORIAL. IF THE GULF WATERS ARE CONSIDERED INTERNAL OR TERRITORIAL, AND ISRAEL CAN ESTABLISH THAT IT EXERCISES EFFECTIVE CONTROL OVER THOSE WATERS, THEN, AS ON LAND, ISRAEL -- AS A TEMPORARY BELLIGERENT OCCUPANT, NOT AS THE SOVEREIGN -- CAN CLAIM THE RIGHT TO PROHIBIT SUCH COMMERCIAL ACTIVITIES IN THE OCCUPIED AREAS.

-- OUR EFFORT HAS BEEN TO PUT THE LEGAL ISSUE ASIDE, WHILE AT THE SAME TIME PERMITTING THE PARTIES TO RESERVE THEIR LEGAL POSITIONS. OUR PROPOSAL FULLY PROTECTS EGYPT'S VIEWS ON SOVEREIGNTY AS OUTLINED IN POINT ONE OF YOUR PROPOSAL.

-- THE PURPOSE OF YOUR POINTS TWO AND THREE ARE ALSO OUR PURPOSE AND WE ACCEPT THEM:

(A) WE WANT AMOCO TO PROCEED WITH DRILLING AT SITE 304.1 AS SOON AS POSSIBLE AND OUR PROPOSAL SAYS SO.

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(B) WHILE WE NORMALLY DISCOURAGE U.S. COMPANIES FROM OPERATING IN AREAS OF CONFLICT, WE SUPPORTED AND CONTINUE TO SUPPORT AMERICAN COMPANIES PARTICIPATING IN EGYPTIAN OIL CONCESSIONS BECAUSE WE RECOGNIZE THE IMPORTANCE OF EGYPT'S OIL PRODUCTION GOALS AND WE ARE PREPARED TO DO WHAT WE CAN TO ENSURE THAT THESE OPERATIONS IN THE GULF GO FORWARD. THE PURPOSE OF POINT TWO IN OUR PROPOSAL, WHICH SPECIFICALLY REFERS TO DISCUSSIONS BETWEEN THE PARTIES, IS TO FACILITATE UNINTERRUPTED OPERATIONS.

-- WE ARE PREPARED TO ACT AS A MIDDLE-MAN IN ANY FUTURE DISCUSSIONS OF THIS SUBJECT.

IF YOUR THREE POINTS AND OUR PROPOSAL SEEK TO ACHIEVE THE SAME THING, WE ARE CONVINCED THE ISRAELIS WOULD NOT ACCEPT THE PHRASING OF THE THREE POINTS WHILE THEY HAVE ALREADY ACCEPTED OUR PROPOSAL. IN THIS RESPECT, IF EGYPT WISHES TO ADVANCE THIS SITUATION, WE SUGGEST THAT YOU ACCEPT OUR JUDGMENT AND GO FORWARD WITH OUR FOUR

POINTS.

3. IF FAHMY REMAINS ADAMANTLY OPPOSED TO OUR PROPOSAL

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AFTER YOUR PRESENTATION, YOU SHOULD TELL HIM YOU MUST
SEEK FURTHER INSTRUCTIONS. IN SUCH AN EVENT, I WOULD
LIKE YOUR ADVICE AS TO WHETHER SADAT WILL ACCEPT OUR
PROPOSAL, OVER FAHMY'S OBJECTION, OR WHETHER WE SHOULD
RECONSIDER OUR POSITION ON THIS MATTER.

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